

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

a HD175)
AIE6
copy 3

STA

Economic Research Service

U.S. Department
of Agriculture

Volume 2, Number 5

September/October 1984

A Bimonthly Newsletter for Economic Research Service Employees and Colleagues



Dyke



Putman

DYKE AND PUTMAN RECEIVE USDA'S DISTINGUISHED SERVICE AWARD

Paul Dyke and John Putman, Natural Resource Policy Branch, Natural Resource Economics Division, received the 1984 USDA Distinguished Service Award (Group Achievement Category) from Secretary of Agriculture John Block at the Department's 38th Annual Honor Awards ceremony.

The two ERS researchers, stationed in Temple, Texas, are part of a USDA inter-agency team (along with Agricultural Research Service and Soil Conservation Service professionals) that jointly developed the Erosion Productivity Impact Calculator (EPIC) model.

That model is considered a major breakthrough in developing methods for estimating long soil productivity benefits from conservation measures. It represents a critical component of the 1985 Resource Conservation Act appraisal and will be used for national conservation policy analysis.

The EPIC model also has potentially wide application in providing better soil conservation advice to individuals.

TRADE RESEARCH CONSORTIUM MEETS

The Trade Research Consortium met August 1-4 at Wye Woods Conference Center in Maryland. Major session topics included trade and the 1985 farm bill, the Organization for Economic Cooperation and Development (OECD) Trade Mandate Study, voluntary export restraints, and Canadian-U.S. trade. Other session topics included OECD Trade Mandate Study methods, trade and macroeconomic policy issues in the 1985 farm bill, use of political economy models in agricultural trade, the International Institute for Applied Systems Analysis (IIASA) model, relevance of comparative advantage to agricultural trade policy, and a proposed Resources for the Future (RFF) project on trade and agricultural policy.

The Consortium, a group of international agricultural economists from the Federal Government and universities, meets regularly to discuss and coordinate research. ERS' International Economics Division was one of the Consortium's principal founders and supporters.

Abstracts of papers presented at the August meeting are available from William Kost, ERS/USDA, Room 360-GHI, Washington, DC 20250-1800 (202-447-8470).

Inside . . .

Administrator's Letter	3
Staff Notes	4
Recent Publications	5
Ordering Information	8

NED POLICY SEMINARS CONTINUE

Last spring, the NED Policy Seminar series featured speakers from three distinct segments of the research community--university, Federal agency, and private consulting firm.

In March, **Edward Schuh** (University of Minnesota) discussed "Farm Level Demand in a World Context." Schuh began by outlining the basic foundation for many of the farm programs: because the demand for food in the United States is highly inelastic, if prices rise, farm income also increases. Schuh stated that despite the implication of price as a basis for farm policy, little work has been done on aggregate demand.

Schuh went on to stress that trade must be taken into account in determining demand elasticities. According to Schuh, the total demand elasticity for an agricultural product is a weighted average of that for domestic demand, which is relatively low, and export demand, which is relatively high.

Viewing aggregate demand in this framework, according to Schuh, changes the basis for farm policy. Instead of raising prices via farm programs, Schuh maintains that agricultural economists should argue for lower prices in order to expand exports and raise incomes.

In April, **James Vertrees** and **Andrew Morton** (Natural Resources and Commerce Division, Congressional Budget Office) shared the findings of their report "Crop Price-Support Programs: Policy Options for Contemporary Agriculture." The report, requested by the Joint Economic Committee, examines alternative stabilization and income-enhancement policies for the agricultural sector.

The choice among the alternatives, Vertrees and Morton suggested, depends on whether Congress opts for stabilizing prices and incomes rather than enhancing incomes, and whether Congress opts for using farm revenue insurance to help stabilize incomes rather than farm product prices. Both options would elimi-

nate payments and supply management via acreage reduction. Modification of current policy would result in more flexible market-oriented price supports below current levels. Price stabilization would occur through nonrecourse loans, the reserve, and small Government stocks. The farm revenue insurance option would eliminate price supports and limit price stabilization to Government stocks to protect consumers.

In June, **J.B. Penn** (Economic Perspectives, Inc.) provided a private sector view of the 1985 farm bill. According to Penn, many new and perhaps unexpected groups will join the debate on the 1985 farm bill. PIK, the 1983 drought, and the cost of the farm programs may be responsible for broadening interest, according to Penn.

[Continued on page 7.]

Economic Research Service

U.S. Department
of Agriculture

Volume 2, Number 5

September/October 1984

Editor

Amy Donoghue (447-8710)
Office of the Administrator
ERS/USDA, Room 450-GHI
Washington, DC 20250-1800

Layout Artist

Carolyn Riley (382-1898)
Information Division
Economics Management Staff (EMS)

Data Services Center Rep.

Beverly Anders (447-4382)

Economic Development Div. Rep.

Paul Myers (475-4235)

Information Div. (EMS) Rep.

Lindsay Mann (447-7305)

International Economics Div. Rep.

Cecil Davison (447-8054)

National Economics Div. Rep.

Kathryn Lipton (447-8707)

Natural Resource Economics Div. Rep.

Kenneth Krupa (475-5707)



Lee

ADMINISTRATOR'S LETTER

I was heartened by the excellent professional contributions that ERS economists made at the recent American Agricultural Economics Association's (AAEA) annual meeting on the Cornell University campus in Ithaca, New York. ERS participants included 63 authors of papers, 11 session chairpersons, 4 symposia organizers, and 2 discussants of papers. Also, about 50 ERS economists attended a brief refresher course on macroeconomics which followed the meeting.

Over 200 people at our ERS luncheon heard **Edward Schuh** (University of Minnesota), **Bruce Scherr** (Agri-Commodities, Inc.), and **James Bonnen** (Michigan State University) discuss various aspects of the ERS and university roles in research on the economics of public policy. Schuh focused on the international side, and exhorted us to continue to increase our expertise and number of recognized authorities on foreign countries, trade policy, and international economics in general. Scherr asserted that the world has changed but that ERS has not kept pace with that change in terms of its programs. Bonnen urged us to attend to the care and feeding of ERS in its important role in the institutional fabric of the science and education system.

I have invited Schuh, Scherr, and Bonnen to conduct individual seminars in ERS to further discuss their ideas with us. We will report on the outcome of those seminars in later **Newsletters**.

In his Fellows Address, **Vernon Ruttan** (University of Minnesota) urged the profession to set an aggressive research agenda that anticipates the needs for social science research to reduce the costs and increase the benefits of institutional innovation and change. ERS certainly has a role to play in meeting this charge.

Also at the meeting, ERS Economist **Philip Paarlberg** received an AAEA award for "Outstanding Ph.D. Thesis." His thesis is titled "Endogenous Policy Formation in the Imperfect World Wheat Market." Paarlberg wrote his thesis at Purdue University under the direction of **Philip Abbott**.

Congratulations Phil, and thanks to all in ERS who contributed to the Cornell meeting. I also want to express my appreciation to the many ERS staff who worked hard on our recruiting. I am told that those efforts were fruitful and that we are negotiating with some excellent candidates. The high caliber of interested prospective employees bodes well for the future of ERS.

John Lee

Staff Notes



Hoffman

ASSOCIATE ADMINISTRATOR RESIGNS

George Hoffman, ERS' Associate Administrator since 1981, resigned in August to join the Pillsbury Company. Hoffman had been with ERS since 1968, serving in various research and leadership capacities. At Pillsbury he will be Director of Commodity Analysis.

Hoffman augmented the fiber of ERS with his amiable yet decisive management style and limitless energy. Largely as a result of his leadership, ERS adopted an agencywide data base management system, modernized its computer equipment, improved its situation and outlook reporting, and moved rapidly into electronic dissemination of its data and analytical reports. While in ERS, Hoffman received the ERS Administrator's Special Merit Award and USDA's Superior Service Award.

John Dunmore, Chief, World Analysis Branch, International Economics Division, is the Acting Associate Administrator until a permanent Associate Administrator is appointed.

MAGIERA ON OECD ASSIGNMENT

Stephen Magiera, Leader of the Demand and Trade Section, Western Europe Branch, International Economics Division, left in August for a 1-year assignment in the Agricultural Secretariat of the Organization of Economic Cooperation and Development (OECD) in Paris, France. Magiera will serve as senior economist representing ERS at the OECD, and will be working on the Ministerial Council's "Mandate on Agricultural Trade," which involves an analysis of policies that affect agricultural trade.

The "Mandate" encompasses grains, dairy products, meats, sugar, and feedstuffs, and the agricultural policies of the European Community, Australia, Canada, Austria, United States, Japan, and New Zealand.

PAARLBERG NEW IED SECTION LEADER



Paarlberg

Philip Paarlberg is the new Leader of the Economic and Trade Policy Section, Economic and Trade Policy Branch, International Economics Division (IED). Paarlberg holds M.S. and Ph.D.

degrees in agricultural economics from Purdue University.

Since beginning his career in ERS in 1977, Paarlberg has authored numerous publications and made significant research and policy contributions in the areas of international agricultural trade, U.S. commodity exports, and world grain and oilseed markets. A member of AAEA, he has reviewed numerous articles for USDA publications and for the **American Journal of Agricultural Economics**, and has received the USDA Certificate of Merit.

[Continued on page 7.]



Breimyer

A TRIBUTE TO HAROLD BREIMYER

On September 27, ERS and the University of Missouri will cohost a reception to honor Harold Breimyer on his retirement from the University of Missouri. The reception, which is open to the public, will be from 4 to 6 p.m. in the USDA Patio.

Breimyer's noteworthy career as a public servant and educator has spanned nearly five decades. Three were with USDA, beginning in 1936 and ending in 1966. Breimyer served as an agricultural economist with the Agricultural Adjustment Administration, the Bureau of Agricultural Economics (ERS' predecessor), the Agricultural Marketing Service, and the Council of Economic Advisers. In 1966, he joined the faculty of the University of Missouri as professor and extension economist.

Perhaps best known for his work in agricultural policy, Breimyer's contributions are chronicled through bulletins, newsletters, articles, speeches, books, and, lately, the Breimyer Seminar, a tribute to a man who has devoted his career to agriculture and its people.

Recent Publications

FARM REAL ESTATE VALUES DECLINE

The value of farmland decreased 1 percent last year, compared with 6 percent a year earlier. Based on annual ERS survey data, the average value of land and buildings was \$739 per acre, with amounts ranging from \$165 per acre in Wyoming to \$3,148 per acre in New Jersey.

Details on values by State for 1976-84 are in **Farm Real Estate Market Developments: Outlook and Situation** (CD-89) by William Heneberry, John Jones, Anne Burke, and Jerome Stam (GPO, \$1.75).

ASSESSING EROSION ON U.S. CROPLAND

Although more than one-third of U.S. cropland is fairly nonerosive, about half requires conservation measures to keep soil losses within tolerable limits. The remainder is so erosive that acceptable soil loss rates cannot be achieved under intensive cultivation.

Other information about erosion, including an erosion classification system and an explanation of the relationship between landowner characteristics and conservation practices is in **Assessing Erosion on U.S. Cropland: Land Management and Physical Features** (AER-513) by Nelson Bills and Ralph Heimlich (GPO, \$3.50).

STAFF REPORT SURVEYS STATE LAWS ON LANDOWNERSHIP

Thirty States have laws regulating foreign ownership of agricultural land; 15 States prohibit businesses from owning land or engaging in farming.

Related facts are in **State Laws Relating to the Ownership of U.S. Agricultural Land by Aliens and Business Entities** (ERS Staff Report No. AGES-840412) by Dale Schian (NTIS, \$10.00).



IMMIGRATION REFORM AFFECTS AGRICULTURAL EMPLOYMENT

The Immigration Reform and Control Act pending in Congress would, for the first time, make it unlawful for employers to hire illegal aliens. It would also permit agricultural employers to hire foreign workers when sufficient American workers are not available. Employers that would be affected most by the new legislation produce labor-intensive crops, including vegetables, melons, fruits, tree nuts, and horticultural specialty crops.

Agricultural labor is an essential part of U.S. immigration policy because foreign workers constitute an important segment of the farm work force. Some foreign agricultural workers are in the United States legally under a temporary worker program, but the majority are here illegally.

More information on the types and location of farms which will probably need to adjust employment practices because of immigration reform is in **Immigration Reform and Agricultural Labor** (AER-510) by Robert Coltrane (GPO, \$2.00).

GAINS ARE SMALL IN WORLD FOOD OUTPUT

World agricultural production has grown at a compound annual rate of 2.5 percent since 1950, while the per capita annual rate has only grown 0.6 percent. Indices for total and per capita agricultural production and food production for 1974-83 by commodity and country are in **World Indices of Agricultural and Food Production, 1974-83** (SB-710) by Boyd Chugg (GPO, \$5.50).

FARM POLICY AFFECTS U.S. EXPORTS

High grain price supports could erode the U.S. share of world agricultural exports; low supports could maintain or increase it. Expanded exports benefit tomorrow's producers, but lower price supports cut current incomes.

More details are in **World Trade and U.S. Farm Policy** (ERS Staff Report No. AGES-840521) by Jerry Sharples, Alan Webb, and Forrest Holland (NTIS, \$7.00).

EC ENLARGEMENT TO HAVE LITTLE EFFECT ON U.S. FRUIT AND VEGETABLE EXPORTS



The enlargement of the European Community (EC) to include Greece, and further enlargement to include Spain and Portugal, will not significantly change the general pattern of world trade in fruits and vegetables, but will lead to larger exports to the EC by the new member countries.

More information on this is in **World Trade in Fruits and Vegetables: Projections for an Enlarged European Community** (FAER-202) by Alexander Sarris (GPO, \$2.75).

ERS LAUNCHES NEW PERIODICAL

Rural Development Perspectives, a new ERS magazine, premieres in October. It will feature articles summarizing ERS research findings and other research on topics of interest to rural policymakers, community and regional planners, officials of local governments, and social science researchers (GPO, \$10.00 per year--3 issues).

Paarlberg, from page 4.

Paarlberg's predecessor, William Kost, is now Senior Economist in the Office of the Branch Chief. He will coordinate research, including the Trade Research Consortium, between IED and universities on agricultural trade policies. Kost will also coordinate IED's macroeconomic research with that carried out in ERS' National Economics Division.

NED Seminars, from page 2.

Among the likely issues to be considered will be a fundamental question centering on the productive capacity of U.S. agriculture in the years ahead relative to market growth. Foreign markets are expected to expand slowly because of the high value of the U.S. dollar and debt problems of the developing countries. Domestic demand will also grow slowly. At the same time, emerging technologies will boost agricultural productivity, increasing excess capacity in the sector.

A second issue is the targeting of farm program benefits. Many suggest that midsize farms should be the primary recipients, though agreement on the definition of such farms is lacking, Penn stated.

He anticipates no major revisions of farm programs in the next farm bill. Instead, we are more likely to see refinements of such provisions as loan rates and target prices.

JUST IN TIME FOR THE FARM BILL-- NED'S COMPUTER BULLETIN BOARD

The Food and Agricultural Policy Branch (FAP) of ERS' National Economics Division is making agricultural policy information available through a computer bulletin board in preparation for the upcoming farm bill debate. Policy analysts throughout the country are invited to participate. Currently, 800 persons at universities and private organizations have access to the system. The intent is to disseminate information that is available in Washington, DC, but hard to obtain in the rest of the country. Exchanging information should also stimulate informed discussion of farm bill issues.

The FAP bulletin board contains

daily news summaries, USDA press releases, legislative tracking, schedules of House and Senate hearings, summary of past and upcoming legislative activities, and updates of major food and commodity decisions made by USDA.

Another section is specifically for users to enter comments, papers, or news that may be of interest to other policy analysts. That will allow participants outside the DC area to share their views and reactions.

One user at a time may call the bulletin board and examine the files or receive and leave messages. The system is available 7 days a week, 24 hours a day, except for a short period each day when it is updated. Contact FAP (202-475-5120) for details.



**REPORTS--
A FREE PUBLICATION**

Reports, the new title of **ERS Abstracts**, lists newly released ERS publications. If you were receiving **ERS Abstracts**, you are on the mailing list for **Reports**. If not, send your name, institutional affiliation, and address to **Reports**, EMS/USDA, Room 1470-South, Washington, DC 20250-3500, or call 202-447-7305.

ARE YOU RECEIVING THIS NEWSLETTER?

To add your name to the mailing list for this free **Newsletter** or to change your address, send your name, institutional affiliation, and address to **ERS Newsletter**, ERS/USDA, Room 450-GHI, Washington, DC 20250-1800.

**United States
Department of Agriculture**

Washington, D.C.
20250

OFFICIAL BUSINESS
Penalty for Private Use, \$300

HOW TO ORDER ERS PUBLICATIONS...

**From the National Technical
Information Service (NTIS)**

Order by title and NTIS stock number (or series number) from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161. You may pay by check to **NTIS** or charge on VISA, MasterCard, American Express, or NTIS account. Charge orders are accepted by telephone (703-487-4780) weekdays from 7:45 a.m. to 5:00 p.m., eastern time. All ERS publications are available on microfiche for \$4.50 each.

**From the Government
Printing Office (GPO)**

Order by title and GPO stock number (or series number) from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402. You may pay by check to **SupDocs** or charge on VISA, Mastercard, or GPO account. Charge orders are accepted by telephone (202-783-3238) weekdays from 8:00 a.m. to 4:30 p.m., eastern time.



Postage and Fees Paid
U.S. Department of Agriculture
AGR-101



FIRST CLASS